

50 or 60 years (that is, are capable of being hometowns to baby boom retirees) probably have latent retiree-attraction potential.

Many wealthier retirees will select retirement destinations with abundant manmade and natural amenities (these are generally referred to as amenity retirees). Many, no doubt, will continue to opt for traditional, warm-weather retirement destinations with good golfing and/or boating opportunities, such as Arizona and Florida. However, many in the baby boom generation identify with rural areas, perhaps more so than their parents. For example, many of the “hippie” generation left the cities for rural areas in the early 1970’s, espousing the simple virtues of country living. Although these individuals may have later moved to find jobs and start families, they may still have a preference for rural settings in their retirement. Many have grown attached to rural recreational areas with hiking, mountain biking, skiing, or camping, and many are drawn more to the mountains and desert than to the beach. This might induce many baby boomers to retire in highly rural settings or in towns within a short drive of such settings.

In addition, many baby boomers have moved around the country a lot while getting their college educations, working for branch plants of large corporations, and on vacations. Thus, baby boomers may be familiar with more distant places than their parents’ generation, encouraging proportionately more baby boomers to make the leap and move long distances to retire. Consequently, in the coming years, a higher percentage of the elderly may become return migrants to a former residence (either their hometown or where they went to school or worked) or vacation site.

### **Creative State Initiatives**

The 1990’s have seen the advent of innovative strategies promoting retiree attraction throughout a State or a region within a State. According to a recent newspaper account, nine or more States already are actively trying to attract retirees, including North and South Carolina, Alabama, Louisiana, Mississippi, Arkansas, New Mexico, Florida, and Pennsylvania—and four more States (Idaho, Texas, Washington, and Tennessee) are considering marketing to seniors (El

Nasser, 1996). These strategies typically require the active participation and leadership of State government, though local governments and real estate companies often play a major role. The strategies are experimental because they have not been in effect long enough to judge their success. No formal program evaluations have been made to assess their effectiveness. But anecdotal evidence suggests some positive results. If these strategies turn out to be successful, they may serve as good models for other States seeking to attract retirees.

### **Alabama Advantage Model**

Alabama’s attempt to attract retirees into rural communities has been one of the most aggressive and wide-ranging strategies adopted thus far. The Alabama model entails State assistance to rural communities in all phases of retiree attraction, including planning and technical assistance, literature development, coordinated marketing efforts, financial assistance, and amenity development.

Beginning in the late 1980’s, the Alabama Department of Economic and Community Affairs (ADECA) began working with the retiree-attraction expert, Mark Fagan, at Jacksonville State University, to create a State program to help rural communities attract retirees. According to Fagan, these were the key components of this initiative, known as the “Alabama Advantage for Retirees”:

- (1) The State’s 1989 “Alabama Reunion,” which attracted many former Alabamans back to visit the State, was used as a vehicle to promote retiree attraction.
- (2) A statewide survey identified communities interested in joining a new program to attract retirees to rural communities and collected infrastructure data in each participating community.
- (3) The State produced color brochures promoting retirement in Alabama. These were distributed at welcome centers on major highways entering Alabama, and the Bureau of Tourism and Travel sent them to people requesting information on retirement opportunities in the State. Those who received the brochure and requested more information received a guidebook to retirement in Alabama, including descriptions of each of the communities in the State program.

- (4) Planning and technical assistance manuals were prepared to provide information to communities considering retiree attraction as a development strategy. Communities were told to organize volunteer committees to design local retiree-attraction strategies and prepare local promotional materials. These committees often worked closely with the local chamber of commerce. Workshops were presented to encourage communities to undertake these activities, and ADECA provided financial assistance to help pay for locally produced promotional materials. Real estate agents, banks, and utilities helped design and pay for brochures.
- (5) A State publicity campaign generated much free advertising in national newspaper and magazine articles, and ADECA supplemented this with paid advertisements in mature-market publications. This produced many inquiries that were used to set up a database of prospective retirees. Communities involved in the program used the database to contact prospective retirees and arrange visits. The State also started a cooperative advertising program in which local communities could join together to share the costs of national ads that featured these communities.
- (6) Annual State-level conferences instructed local leaders on techniques for attracting retirees and allowed participants to share success stories.
- (7) The State's employee retirement system agreed to finance the construction of a series of innovative, first-rate golf courses, all located within 10 minutes of an interstate. This resulted in seven new golf complexes that have become highly acclaimed as the Robert Trent Jones Golf Trail, representing a total of \$120 million in investments. These golf courses are attracting many wealthy tourists into the State. Retirement housing developments are being built nearby.

Among the successes is Guntersville, Alabama, a town of 7,000 along the Tennessee River that advertised fishing in magazine ads and on ESPN fishing shows and attracted 250 retired couples (Kerr, 1991). Many of these retirees came from the Chicago suburbs.

Etowah County, in the same northeast corner of the State, recently began an aggressive campaign to attract retirees, using one of the new golf courses as a major attraction. This is a regional effort, where the city of Gadsden, population 47,000, promotes the surrounding rural amenities while the surrounding

rural towns promote Gadsden's urban amenities. To further this effort, a regional "Retiree Relocation Center" was established, in a cooperative venture involving the chambers of commerce of Gadsden, AL, and Calhoun County and the Silver Lakes (Golf Complex) Developers. Located at one of the entrances to the Robert Trent Jones Golf Trail, the center's volunteers answer questions about retiring in northeast Alabama and distribute brochures. Initial advertising for the center is being funded by Retirement Systems of Alabama and consists of television, radio, and newspaper ads in 16 States.

### **Arkansas Real Estate Organization Model**

Arkansas has several well-known retirement spots, including Hot Springs and Mountain Home. These places have attracted retirees for many years, mainly through word-of-mouth, with little organized assistance. Other communities, however, have not benefited as much from retiree attraction. To help promote retiree attraction elsewhere in the State, Arkansas real estate agents organized a statewide effort, beginning with a 1991 task force that recommended the creation of a retirement development center called "Share Arkansas."

Share Arkansas was incorporated in 1993. It was sponsored by the State's real estate association and by Teamwork Arkansas (sponsored by a power and light company) and has a 2-year budget of \$250,000. Its main goal is to create a network of local retirement development efforts throughout the State, consisting of city governments, chambers of commerce, real estate agents, and other groups interested in retiree attraction in each of the State's seven geographic regions. Local groups can receive funding from Share Arkansas for up to \$5,000 for specific projects.

The center has set up a formal marketing/response process, similar in some respects to what Alabama has done for its retirement communities. Share Arkansas advertises using tabloid-type information featuring the benefits of a "nonurban" setting in fulfilling the dreams of potential retirees. Retirees who respond via the 1-800 number listed in the ads are asked their area of interest. The local and regional groups then follow up on these leads in an attempt to get the retirees to come visit.

According to Larry Myers of the Arkansas Realtors' Association, this is a pilot project. A formal evaluation is underway. They hope to document its effectiveness in attracting retirees and use this to convince the State either to provide permanent funding to the center or to have a State division take over the center's activities.

### **Washington Community Self-Help Model**

The State of Washington has fostered a local self-help model for retiree attraction, begun in 1987 when the small town of Goldendale advertised in California newspapers. This ad resulted in over 400 inquiries and the relocation of over 40 retiree households. Following this success story, the State's Department of Trade and Economic Development began to encourage other rural communities to adopt such an approach, and the Art of Retirement Task Force, a "Team Washington Project," was formed. This group consisted of representatives from both the public and private sector, including the State's economic and community development agencies. Its principal objective was to help rural communities that desire to attract urban retirees.

In July 1989, the Task Force produced a self-help guidebook, *Art of Retirement: An Economic Development Program for Rural and Distressed Areas* (Fisher). This guidebook advised interested communities on how to set up local retiree-attraction committees, find sponsoring organizations, create promotional materials, arrange visits, and report results to the central program office. Also included is a "Community Assessment Kit" that helps communities gauge and improve their retiree-attraction potential.

A more comprehensive self-help guide, *Economic Expansion Using Retiree Income: A Workbook for Rural Washington Communities*, was published by Washington State's Rural Economic Assistance Project (Severinghaus, 1990). This report covers a wide variety of topics, including background material on retiree impacts, who should run the program (local retirees), community assessment, marketing, and a good bibliography.

Lee Fisher, a recently retired consultant who worked with 20 or so communities in the late 1980's as part

of the Art of Retirement project, claims this self-help approach is relatively inexpensive, costing only \$5,000 to \$15,000, and has produced some notable success stories and few, if any, negatives. One of the towns Fisher helped was Chelewah, population 2,000, located about 40 miles north of Spokane. The town chamber of commerce spent \$6,500 on a brochure. High-school students used their own video cameras to tape a promotional video which was edited professionally in Spokane. A multicounty board paid \$3,000 for advertising in regional publications and an administrator was hired to run the program. In 1 year, Chelewah got 27 new housing starts and 150 new residents, most of whom were retirees (Haag, 1993). Chelewah's efforts were cited by the *New York Times* and the CBS Evening News, which added to the town's advertising effort.

### **Idaho/North Dakota Back-Home Model**

The so-called back-home model, where word-of-mouth advertising is used to attract former residents, appears well suited to communities that do not want to attract outsiders who might clash with current residents. This approach may also prove effective in places that are not so picky but find it difficult to attract outsiders because they are far from major metropolitan markets and off the beaten path of most tourists. Like other approaches, however, its effectiveness remains to be demonstrated.

Richard Gardner, of Idaho's Division of Financial Management, first proposed the back-home approach in 1988, when he suggested that local volunteers write to friends and family and others who were born, educated, or worked in the area at one time, including those who worked on military bases. This word-of-mouth advertising could be supplemented by modest advertising in mature-market magazines and coordinated with tourism and centennial marketing efforts. Senior centers could offer to host visits by couples or group tours. College dormitories could accommodate summer visitors cheaply (Gardner, 1988).

Although Gardner proposed that the State coordinate and finance local marketing efforts, no such coordinated retiree-attraction program has materialized in Idaho, in part because there was little need for the program following significant migration of middle-

aged workers and young retirees from California to Idaho in recent years. Idaho's Department of Commerce may have contributed to this migration by targeting the mature market in its advertising, but much of the migration appears to have resulted naturally from one person telling another about the advantages of Idaho. Many of the people who recently relocated to rural Idaho have in fact been previous residents or tourists.

North Dakota's Project Back-Home Cooperative program, which began operating in 1994, is a comprehensive approach to bring former residents back into the State. It involves 13 counties and about 70 communities. Although not officially affiliated with the State government, several former and current State economic development officials have encouraged the creation of the program. Program costs are shared by participating counties/communities, with additional support from the North Dakota Rural Electric Cooperatives (which provide space for the operation) and the North Central Data Cooperative.

This is a direct mail program. The communities develop mailing lists of former high-school graduates and others who have left over the past 40 years. The Management Group, a private company in Bismarck, ND, contacts everyone on the list, reminding them of their home community's good points and asking if they might be interested in returning. Interested individuals are asked to send back an enclosed postcard, indicating on the card their reasons for considering returning (to obtain a decent job, to retire, to visit as a tourist, to start up a company). Respondents are sent a survey specific to their expressed interest. After the surveys are returned, the responses are entered into a data base and the surveys are sent to the respective communities so they can determine whether the individual's requirements can be met by the community and then do the necessary followup.

### **South Carolina Planned Retirement Community Model**

South Carolina has emphasized planned retirement communities as a vehicle to bring retirees into the State. As noted earlier, private companies that build such developments usually mount aggressive marketing campaigns that relieve the State and local governments from marketing duties. In return, State and

local governments often provide some incentives to these companies, such as free land.

South Carolina's move in this direction began in 1986, when the Savannah Valley Authority, a regional economic development agency of the State, obtained over 3,000 acres of prime development land from the Army Corps of Engineers and the General Services Administration. After soliciting development proposals, the Savannah authority signed an agreement with Coopers Communities, Inc., to develop a retirement/recreation community for upper- and middle-income retirees. This community was slated for 5,100 homesites and is expected to have a major impact on the surrounding rural McCormick County (population 8,868) and nearby metropolitan areas (Barkley and Henry).

South Carolina's Department of Parks, Recreation, and Tourism subsequently sponsored a study conducted by the University of South Carolina (1991), *The Economic Impact of the Senior Living Industry in South Carolina*. One of the chapters in this study looked specifically at retirement community developments. It examined survey data from 128 retirement community developers in South Carolina, and estimated that the developments had resulted in a \$4-billion stimulus to the State, with another \$10 billion expected.

South Carolina has recently undertaken other efforts to encourage additional retiree attraction. The Community Development Division of South Carolina's Department of Parks, Recreation, and Tourism sponsored conferences in 1992 and 1993 to encourage communities to set up committees to form local retiree-attraction policies, and the Community Development Division has been assisting communities in their efforts. The State also helped fund a retirement magazine promoting the State to potential retirees.

Perhaps the most significant development, though, has been recent negotiations with Del Webb, the company that created Sun City in Arizona and Florida, to build a major new retirement community in South Carolina near Savannah and Hilton Head Island. This reflects the State's aggressive posture toward using planned retirement communities as vehicles for rural economic development.

## Other State Initiatives

Other States also have made notable efforts to encourage retiree attraction. For example, some States publish annual marketing magazines that target the mature market. Most of these States mail these out to retirees who write requesting information. Some States also distribute them at welcome centers on interstate highways. *North Carolina Retirement* is a good example of such an approach.

Georgia has its *Southern Lifestyles: Georgia's Premier Retirement and Relocation Magazine*. Georgia supplements this with regional *Retirement Living Georgia* publications, such as its "Mountains and Lakes Region" issue covering Blairsville, Clarkesville, Clayton, Cleveland, and Hiwassee. Georgia also publishes its annual *Georgia On My Mind* guide, which features detailed maps of each region within the State, descriptions of attractions and resorts in each town, and phone numbers and addresses of visitor centers and local chambers of commerce. Georgia also sends out detailed information on State and local taxes to those who make inquiries about retiring in the State.

Georgia is just one of several States that feature tax breaks for retirees as part of their promotions. For example, States with no income tax usually use this fact in their marketing to retirees. Some States, such as Mississippi and Michigan, have recently enacted special legislation to eliminate taxation of retiree incomes. This approach has been criticized because it reduces income taxes for both incoming retirees and existing in-state retirees, resulting in a substantial net loss in income tax revenue. It also produces considerable inequities between retirees and nonretirees in income tax liabilities within the State, and these inequities can result in resentment of retirees and opposition to retiree-attraction efforts. In addition, it aggravates interstate competition for retirees, sometimes leading to retaliatory measures by States that would lose retirees and their incomes. Most States with income taxes already exempt pension income from State income taxes (Mackey and Carter, 1994).

California recently attempted to stem its outflow of retirees and their incomes to Nevada by withholding taxes on pensions going to retirees who leave the State. However, Federal tax legislation was enacted

in January 1996 to prohibit State taxes on retirement payments that go to out-of-State retirees.

It remains to be seen how effective tax inducements are in affecting retiree relocation. States that do not tax retiree incomes must raise revenues in other ways that ultimately will cost retirees. When retirees discover they pay more in property and sales taxes than they paid in their home State, they complain. Many complain about special impact fees and user charges in new developments—payments that other community residents may not have to make. Another drawback of emphasizing tax breaks in marketing is that, to the extent that it achieves its purpose, it brings in people who will be sensitive to future tax increases; State and local governments may want to think twice before embarking on such an approach. Tax concessions also deflate one of the key public benefits expected from retiree attraction—the fiscal windfall associated with retirees.

A more cost-effective way for a State to promote retiree attraction is through tourism. All States promote tourism to some extent, but some do a better job at attracting tourists and targeting potential retirees as tourists. Traditional tourism destinations—such as ski resorts, beaches, mountains, and lakes—can all be exploited to attract retirees. Recent years have seen an increase in the promotion of cultural festivals in remote rural areas to attract large numbers of urban residents to nearby rural areas, many of which may be prime retirement locations. These efforts should be rewarded by increased retiree attraction over the long run. One of the more dramatic efforts benefiting retiree attraction has been in Missouri, where the State has promoted motor coach tours to Branson and other entertainment spots in the Ozarks. This has produced large flows of tourists, many of them potential retirees.

Some States intentionally advertise in magazines that cover the mature market. For example, Texas advertises in *AAA World*, *Adventure World*, *American Legion*, *Cruise and Tours*, *Discovery*, *Friendly Exchange*, *Home and Away*, *Mature Market*, *Midwest Living*, *Midwest Motorist*, *Modern Maturity*, *New Choices*, *Trailer Life*, *Travel 50 and Beyond*, *Vacations*, *Vista USA*, *Where To Retire*, *Woodland Trails Away*, and various atlases. Texas keeps track of inquiries coming from these ads and computes the

advertising cost per inquiry in deciding whether to place such ads again. This has been a successful form of marketing for Texas, but not all State advertising efforts are successful. In Michigan, for example, an effort was recently made to promote the northern Michigan retirement area to seniors in Wisconsin by advertising in Wisconsin publications, but it generated few inquiries.

In some cases, poor marketing results may reflect lack of knowledge about where and what the market is for any particular retirement destination. In an effort to produce better information for its proposed marketing effort, the Mississippi Governor's Task Force on Retirement Development (1994) recommended that the State conduct an extensive data-gathering effort through the use of market surveys, information obtained from the Department of Motor Vehicles on applications for new licenses, and random surveys at welcome centers.

This is just one part of Mississippi's new initiative, which is, in many ways, patterned after the Alabama and Washington models. Like Alabama, Mississippi has embarked on an aggressive State marketing program, plus State technical assistance to communities participating in a new State "Community Certification" program set up for places that are serious about attracting retirees. In its first year of operation, Mississippi's ad campaign generated over 36,000 out-of-State information requests (El Nasser, 1996). Like Washington, Mississippi has produced and distributed copies of a community self-help retiree attraction manual, *Developing a Retirement Industry in Your Community* (Mississippi Department of Economic and Community Development, 1994). Although a half dozen communities have already produced strategic plans for this effort, this initiative is only just beginning and it is too early to evaluate.

Other States—including Georgia, North Carolina, Pennsylvania, South Carolina, Oklahoma, Arkansas, and Tennessee—have sponsored special studies and conferences examining the economic development potential of retiree attraction. Most are States that have already benefited from retiree attraction and want to benefit more. Pennsylvania is an exception. After having lost retirees to southern locations for years, Pennsylvania recently decided it needed to halt the flow, so in 1993 it started the *Silver and Gold*

magazine to promote the advantages of the State as a place of retirement. The target of this effort includes not only Pennsylvania residents but potential immigrants from New York, Ohio, and New Jersey (El Nasser, 1996).

## Conclusions

The retirement of the baby boom generation could provide significant opportunities and challenges for rural development in the coming years. Some baby boomers are already making retirement decisions and acquiring land and housing in preparation for their retirement. For rural communities interested in getting a head start in participating in this form of development, now is the time for States and communities to learn how retirees might affect them and to design policies to attract or retain retirees.

### Retiree Attraction Has Both Advantages and Disadvantages

A fair amount of research has examined retiree impacts, including both the advantages (benefits) and disadvantages (costs) of retirement-based development. This research generally indicates that immigrating retirees usually add to local economies, raise median family incomes, reduce local unemployment, and add to economic diversity. Retiree attraction boosts local populations and tax bases, which can be important for maintaining Main Street businesses and key public services like schools and hospitals in rural communities. Immigrating retirees can also provide a boost to local churches, charities, volunteerism, and other civic activities.

Not all retiree impacts are positive. Among the negative aspects of retiree attraction are strains associated with excessive population growth. In places that are growing too rapidly or that have little room for further growth, retiree attraction can result in undesirable congestion and environmental strain and drive up housing prices and property taxes so that some long-time residents are forced to move out. Many of the jobs created by retirees are low-wage service jobs that may attract low-income workers into the area, an unintended consequence of which can be a drain on public services, such as schools and jails. Not all retirees are wealthy, and, depending on which type of